

Message Text

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FOR EUR BARBOUR ONLY

E.O. 11652: GDS
TAGS: MARR PO
SUBJECT: AZORES BASE TALKS: JUNE 24 MEETING

REF: LISBON 4717

1. AMBASSADOR, BARBOUR, AND DCM MET INFORMALLY WITH VILLAS-BOAS JUNE 24 TO REVIEW DEVELOPMENTS SINCE JUNE 17 MEETING (REFTEL).

2. VISSAS-BOAS REPORTED THAT GENERAL WILTON PEREIRA, ARMED FORCES REP ON GOP TASK FORCE, HAD REACTED WELL TO JUNE 17 MEETING. HE REALIZED PROBLEMS WE HAD WITH INFRA-STRUCTURE REQUESTS, BUT HAD NO READY SOLUTION. HE WAS AGON-IZING OVER PROBLEM AND WOULD TAKE IT UP WITH MILITARY SUPERIORS, INCLUDING PRESIDENT EANES. PERREIRA HAD NOT YET COMMUNICATED A REACTION TO VILLAS-BOAS, WHO EXPECTED TO HEAR NEXT WEEK. RE AZOREANS, THEY HAVE NOT BEEN IN TOUCH WITH VILLAS-BOAS SINCE JUNE 17 MEETING, BUT HE DID NOT ASCRIBE ANY ULTERIOR MOTIVE TO THIS BEYOND THEIR NORMAL MEASURED REACTION-TIME PLUS THEIR USUAL SUSPICION OF ANYONE FROM LISBON.

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3. WE DISCUSSED CANDIDLY BUT CONFIDENTIALLY WITH VILLAS-BOAS THE CONGRESSIONAL FACTOR AND UNDESIRABILITY OF OVERT LINKAGE BETWEEN BASE AGREEMENT AND LOAN PACKAGE. VILLAS-BOAS SAW THE POINT AND AGREED TANGIBLE EVIDENCE OF PROGRESS WOULD BE DESIRABLE, BUT HE HAD FEW CONCRETE IDEAS HOW TO MOVE THE AZOREANS ALONG. AS AN EXAMPLE OF THE ISLANDERS' HYPER-SUSPICIOUSNESS, HE TOLD US--AND ASKED

THAT IT BE HELD IN STRICT CONFIDENCE--THAT THE AZOREANS HAD PROTESTED THE FACT THAT RENEWAL OF THE BASE AGREEMENT WAS DISCUSSED DURING PRIME MINISTER SOARES' VISIT TO THE US IN APRIL. VILLAS-BOAS HAD EXPLAINED TO THEM THAT THE BASE RENEWAL HAD NOT, IN FACT, BEEN "DISCUSSED" BY THE PRIME MINISTER BUT HAD COME UP IN PASSING DURING A REVIEW OF US-PORTUGUESE RELATIONS. THEY WERE NOT MOLLIFIED, HOWEVER, AND HAD SUBMITTED FORMAL QUESTIONS TO THE CENTRAL GOVERNMENT REQUESTING "CLARIFICATION" OF THE MATTER ON "CONSTITUTIONAL" GROUNDS. VILLAS-BOAS HAD TOLD THE AZOREANS THAT IF THEY REQUIRED A FORMAL ANSWER TO THESE QUESTIONS, THEY WOULD HAVE TO BE SUBMITTED THROUGH THE MINISTER OF THE REPUBLIC IN THE AZORES, GENERAL GALVAO DE FIGUEIREDO. THERE THE MATTER RESTS. VILLAS-BOAS CHARACTERIZED THIS AZOREAN ATTITUDE AS "IDIOCY" AND SAID THAT FONMIN MEDEIROS FERREIRA SHARED THIS VIEW. BUT HE ACKNOWLEDGED THAT THE FOREIGN MINISTRY IS VERY WARY AND NERVOUS ABOUT HANDLING THE AZOREANS.

4. NEXT STEPS: VILLAS-BOAS ADVISED WAITING UNTIL NEXT WEEK WHEN HE EXPECTED TO HAVE A RESPONSE FROM BOTH THE MILITARY AND THE AZOREANS TO JUNE 17 MEETING. HE BELIEVED SUFFICIENT PROGRESS WOULD BE REGISTERED BETWEEN NOW AND THE JULY MARK-UP OF THE US LOAN CONTRIBUTION TO HELP WITH THE CONGRESS. WE DISCUSSED IN HYPOTHETICAL TERMS THE OUTLINE OF AN ILLUSTRATIVE ECONOMIC ASSISTANCE PROGRAM FOR THE AZORES
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(PARA 14 REFTTEL), INCLUDING POSSIBLE PL 480, CCC, HOUSING INVESTMENT GUARANTEES AND EXIM FINANCING OUTSIDE THE FORMAL BASE RENEWAL AGREEMENT. WE LEFT HIM ON A CONFIDENTIAL BASIS A "NON PAPER" ON SUCH AN AZOREAN AID PACKAGE WHICH HE SEEMED TO FIND INTERESTING AND CONSTRUCTIVE.

5. WE ALSO SET FORTH IN DETAIL CONGRESSIONAL FACTORS OF WHICH THE PORTUGUESE MILITARY SHOULD BE AWARE AS THEY RECONSIDER THEIR INFRASTRUCTURE REQUESTS, POINTING OUT THAT THERE ARE NOT TWO POTS OF MONEY--INFRASTRUCTURE AND EQUIPMENT--AND THAT IF THE MILITARY OPT FOR THE FORMER (ASSUMING IT IS POSSIBLE, WHICH WE STRONGLY DOUBT) THEY INEVITABLY CONSTRAIN THEIR ABILITY TO OBTAIN THE LATTER. IN OTHER WORDS INFRASTRUCTURE IS NOT A FREEBEE. WE ALSO SUGGESTED THAT IF THE MILITARY KNEW THE DEGREE TO WHICH OUR PROPOSAL OF \$60 MILLION PLUS PL 480, CCC AND EXIM CREDITS MIGHT SATISFY AZOREAN ASPIRATIONS--IF WE CAN EVER GET THEM TO FOCUS ON SPECIFICS--THEY MIGHT BE MORE RELAXED ABOUT ACCEPTING EQUIPMENT. VILLAS-BOAS SAID THESE WERE TWO IMPORTANT POINTS THAT HE WOULD CLARIFY WITH WILTON PEREIRA.

6. WE ALSO DISCUSSED THE DESIRABILITY AND THE FEASIBILITY OF REGISTERING ON PAPER THE PROGRESS MADE THUS FAR DURING INFORMAL TALKS AND MODALITIES THEREOF, POINTING OUT HOW THIS COULD HELP WITH CONGRESS. VILLAS-BOAS SAID HE UNDERSTOOD THE PROBLEM, BUT THAT HIS FREEDOM OF MANEUVER WAS LIMITED BY THE AZOREAN ISSUE. HE WOULD GIVE SERIOUS THOUGHT TO HOW THE GOP COULD BE HELPFUL. CARLUCCI

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